

HOW TO MAKE A MICROENTERPRISE PROFITABLE

Case File: Maks Investment & Consulting Group
Oy

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<p>Tiivistelmä</p> <p>Opinnäytetyön ajatus lähti Pavel Maksimenkon omasta yrityksestä, MAKS Investment & Consulting Group Oy'sta. Työn ajatuksena oli selvittää kuinka tehdä pienyrityksestä voittoa ja menestyvä markkinoinnin ja verkostoitumisen avulla. MAKS Investment & Consulting Group Oy oli kirjoituksen ajankohtana noin yhden vuoden ikäinen konsultointi yritys. Tutkimme yrityksen operaatioita alusta lähtien liiketoiminta suunnitelman avulla. Pidemmät keskustelut toimitusjohtaja Pavel Maksimenkon kanssa loivat hyvää pohjaa huomioitaville asioille, joita hänen yrityksensä olisi kannattanut tehdä toisin, ja mitä muuttaisi jos voisi palata taakse päin.</p> <p>Tähtäimenä oli selvittää perusteorioita, ja kuinka tärkeitä ne ovat pienyrityksen ensi askelten aikana. Eri toten seurasimme MIC Group:n ensimmäistä vuotta, tarkastellen kuinka ko. yritys on noudattanut "sääntöjä" strategioissa sekä operaatioissa. Markkinointi ja verkostoituminen ovat pienyrityksen valttikortteja ja siitä syystä lopputyömme keskittyy näiden asioiden selvittämiseen. MIC Group on kansainvälinen yritys joka toimii useammassa kuin kahdessa maassa ja täten vaatii erinomaisen verkostoitumis-aidon toimiakseen pienyrityksenä markkinoilla.</p> <p>Markkinointia ei voi laiminlyödä edes pienyrityksessä, vaan pitää löydä vaihtoehtoisia markkinointisuunnitelmia. Verkostoituminen on myös erittäin varteenotettavaa. Vähäinen työntekijöiden määrä voi aiheuttaa ongelmia yritystoiminnassa, ja yksityisyrittäjän henkilökohtaiset kontaktit nousevat tässä kohtaa elintärkeiksi. On monta tapaa tehdä pienyrityksestä menestyvä, mutta tärkeimpänä asiana on ymmärtää perimmäiset strategiat ja niiden toteuttaminen yrityksessä.</p>		
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<p>Abstract</p> <p>The idea of the thesis is to give a good insight on how to make a microenterprise profitable from marketing and networking points of view and explain the basic steps that are needed to be taken when establishing a company. We took the company Maks Investment & Consulting Group Oy (MIC Group), which is approximately one year old consulting firm, as a case study. The company was studied very carefully from the very beginning of its operations. Business plan of MIC Group was also studied in order to see how well the preparation was done before registration. Conversations with the CEO of the company gave a good inside view of business operations and how they were handled.</p> <p>The main aspect of this thesis is to see how MIC Group has been managing its operations: what it could have done better and what it has excelled at. The results show that during the first year MIC Group has done many mistakes regarding marketing strategies and different ways of finding new customers. That is why the discussion about different marketing channels is very deep and detailed. The other very important aspect is networking. Because MIC Group is working in different countries at the same time and especially in Russia, the company has been using its personal contacts very well in order to achieve the best possible outcome.</p> <p>The conclusion is that you should not underestimate the importance of marketing in a microenterprise. Using the right modes and strategies of marketing is very essential in a newly established growing company. The essence of networking is also crucial, because you don't have many employees at the beginning and usually the entrepreneur has to manage all operations himself. Personal contacts can make a very big difference in how fast and strong the company growth will be in the future. There are many different ways of making a microenterprise profitable, but the essential thing is to understand the underlining strategies and implementing them according to the company's field of business.</p>		
Keywords Marketing, networking, alternative-marketing, alternative-networking, social-media		
Miscellaneous		

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1 INTRODUCTION

1.1 Research Background

The purpose of this thesis is to understand the different sides to the following question: how to make a microenterprise profitable? The thesis has been written in order to give advantageous edge to MAKS Investment & Consulting Group Oy (osakeyhtiö=limited company) (MIC Group), which is approximately a one-year-old company.

Many start-up companies fail in the first ten years of their existence, as shown in the figure below. Over half of the established companies fail in their first five years of existence. This thesis aims to give some guidelines and tools for companies to go further in their business.

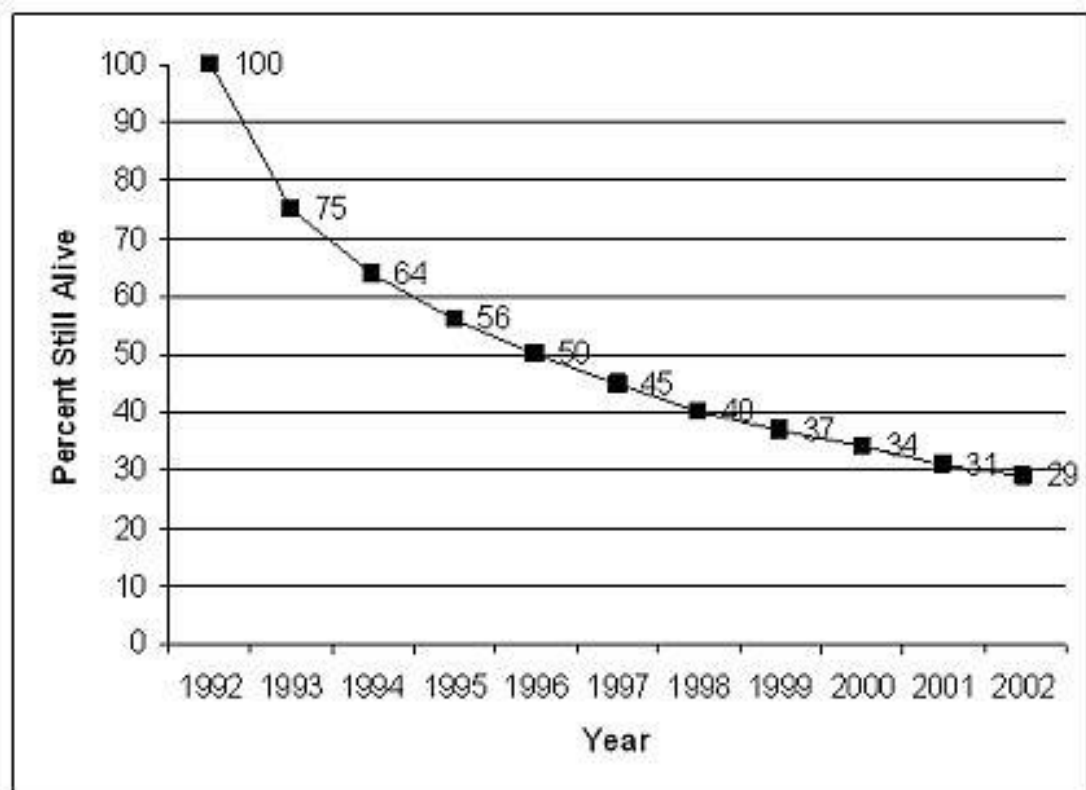


FIGURE 1 Start-Up Company Failure Rate (Shane, S. 2000, 66.)

Figure 1 explains the start-up company failure rate from the year 1992 to the year 2002. As Internet became more relevant as a business tool, and grew up to be one of the most important aspects of a company as well as created unlimited possibilities for new companies, it also made the failure rate to be larger. Even though the figure only extends to the year 2002, the failure rate has been quite stagnant to the very day. As the rates in figure 1 are averages of all business fields, there are still differences between different industry sectors.

The above figure shows how desperately we need guidelines and tools for start-up companies to be successful and profitable. However, we do not intend to create one waterproof package for companies, how they will certainly be successful. Instead, the aim is to provide basic answers to dilemmas, ways to avoid pitfalls, and strategies to keep your company alive more than just few years. Behind a started company there must be an idea of a great product or service, and if half of these inventions or innovations fail, we – as public – will fail to see great ideas.

The aim of the thesis is to assist MIC Group. Of course some of the research questions and ways cannot be applied to all fields of business. Most of the topics discussed are alternative ways of marketing and networking: mainly, cost-efficient ways of marketing and networking. Many start-ups or even ideas that have not yet developed to the company stage can fail due to monetary issues. In this thesis you will find ways to market and network cost-efficiently. “Time is money”, they say, but often it’s better to spend time than money.

Making a microenterprise profitable also requires its owners to understand how a microenterprise differs from different sizes of enterprises, and how it works. In our thesis, we not only offer you different ways of making your enterprise become one of the key players, but also help you to understand the life of a microenterprise: how it works, what makes it special, how it differs from a medium size enterprise.

As a note to reader, MAKES Investment & Consulting Oy is shortened to MIC Group, so we will refer to the company in both ways.

At the start, we will introduce you the concept of microenterprise, and how it differs from various sized enterprises. This is explained in order to allow you to understand more thoroughly the differences, and what might the limitations be with microenterprises. We approached the text from networking and marketing perspective. These are two very important things in microenterprises.

Networking chapter will explain you how to use networking, and how big of an effect a well organized network can give to a microenterprise. Networking can often be an aspect that companies may disregard, and not understanding how important part of the company life it can play. The marketing section will introduce some alternative and unconventional ways of marketing: styles that are good and affordable for microenterprises. Large-scale marketing campaigns can often be impossibility to a microenterprise due to financing of the company. These alternative ways of marketing can be used in every sized enterprise, of course, but are optimal for microenterprises.

We studied MIC Group from its start to where it is now. We looked at how MIC group was established, and how it started its business growth. In the MIC Group timeline, we looked for mistakes and corrections that could have been made, things that MIC Group could have done otherwise in order to be more successful. To the timeline, we added suggestions and improved various fields of activity coming to the conclusion that the largest, most important aspects of microenterprise are alternative marketing and network efficiency.

2 MICROENTERPRISE

2.1 Define a Microenterprise

EU Legislation defines small-, medium- and microenterprise in the following way. All three are defined by taking into account their employees, turnover and annual balance sheet. (Europa.eu website, 2007)

- Medium-Size Enterprise
 - Employs fewer than 250 persons
 - Annual turnover does not exceed 50€ million
 - Annual balance-sheet does not exceed 43€ million
- Small-Size Enterprise
 - Employs fewer than 50 persons
 - Annual turnover does not exceed 10€ million
 - Annual balance-sheet does not exceed 10€ million
- Microenterprise
 - Employs fewer than 10 persons
 - Annual turnover does not exceed 2€ million
 - Annual balance-sheet does not exceed 2€ million

2.2 Small Business Lifecycle

Figure 1 shows that many businesses fail in the first years of their existence, failing to comprehend or complete one of the small business stages. Many businesses don't even get to see all the basic steps of a small business. Businesses however do have a lifecycle of their own, very much like products have lifecycles. All small enterprises have a life cycle of seven (7) different stages. (Zahorsky, D. About.com) The stages are as follows:

1. Seed: The first obvious stage of business life cycle is the seed. At the seed stage, the business is nothing more than an idea or a thought. The challenges of this stage are such as market acceptance. For example, at this stage MIC Group focus should be on using the company's good networks in Russia as an advantage to get leverage.

2. Start-Up: At this stage the company is a legal entity. Products or services for offering have been created and are being marketed to possible customers. Start-up stage is the real test to all businesses. How well the enterprise has been finetuned to flow in the designated market. This stage will also show the skills of the management of the company. McKinsey & Company has created the basic check-up list for compiling a management team: (McKinsey & Company 2000, 60)
 - Management team has a lot of work to do, and usually work can be divided. In a group of two or larger, skills that fulfil each other's can be found.
 - Several different problems will occur during the process, and in a team these can be tackled more fluently.
 - External investors usually look at the management and their idea, because at the end the people behind it define the success of an idea.
 - In a group the workload can be divided, and if one person is missing, the whole business will not be at stake.

3. Growth: At this stage the business has survived accordingly and has enough revenue in order to expand. Not every business wishes to expand, but at some point if the demand is large enough the supply should follow it. This stage may include hiring new staff, expanding office space or purchasing new equipment. At this point if the company is creating a product they can take advantage of the economies of scale. As firms grow they are given the chance to economies of scale. This is explained as follows: the average cost of production falls as its scale rises, the cost of producing each unit is lower at the higher level of output. (Jewell, B. 2000, 125)

4. Established: At this point the stability of the enterprise is very good. It has ensured the investors and made its place in the market place. At this point, even if the market fluctuates and becomes unstable the company should pull through. This can also be a good point to add, get rid of, and/or modify a product. Or if the company is offering services, perhaps expand to offer something that might compliment another service of your company.
5. Expansion: Expansion can come later in the process than in the third stage, as explained previously. This stage is the choice for many small business owners to achieve more market share and find new income possibilities. However, the possible move into new markets requires time, money and research. In some ways, it is like starting from the seed stage or start-up stage again, except that now you would have better knowledge of the market in full, and you would probably have better finances. At expansion, joint ventures come and play a role as well. Joint venture is defined as entering new/foreign markets with the joint force of your company and another company or to create a new product in co-operation of these two companies, or market a product or service together (Kotler, P, Armstrong, G, Saunders, J, Wong, V. 2002, 826).
6. Decline: Decline is the point which should be avoided if possible. At growth and expansion the company should modify its business plan in accordance to the market, and expand so that it will not meet the decline stage. Technology is changing faster and faster day-by-day, and so must the companies shift in order to be on top. If a company believes that its products or services are one-of-a-kind, and will always be needed, it will most certainly meet the decline stage before late. Changing economy, different market conditions and decreased sales can be the end of many small companies, as can be seen in figure 1.

7. Exit: If this stage is wanted, then it can be a great opportunity to cash out on your company. You can sell your company, but it requires a realistic valuation of your company, which of course should be made externally. Doing a valuation by yourself internally can make the company look a lot more expensive than it really. This is because you have psychological bonds to the many years of work that you have devoted.

Not all small companies go through all of these stages, and not necessarily in chronological order. These stages merely show the comprehensive life cycle of a small company, what is included in every stage and what issues should be adhered to.

Seeing your company in the right light and understanding the stage you are at will allow you to prepare for the upcoming challenges of the fluctuating market and economy. You are more able to foresee the wants and demands of a possible future, and hence forth you will be more ready for the change when it arrives.

2.3 Microenterprise Advantages and Considerations

2.3.1 SWOT-Analysis

The most common way to show a company's advantages and considerations is the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. However, we have modified the SWOT analysis to our liking. We believe that where others may see a weakness, we see an opportunity. This does not mean that we believe in zero weaknesses, but we want to see this analysis in a different way: where there is a weakness, there is an opportunity to turn it into strength. Here are some basic questions you should be able to answer for your company's SWOT analysis. See also the MIC Group SWOT-analysis, which has been made on the premises of these analysis questions.

Strengths <ul style="list-style-type: none"> • What is your core competence? • What are your assets? • What do you do the best? • Where is your income? • What is your previous experience? 	(Weaknesses) <ul style="list-style-type: none"> • What do you require? • Where do you lack resources? • What can you improve? • Where are you losing money?
Opportunities <ul style="list-style-type: none"> • What new can you offer to customers? • Any economic trends that may benefit you? • Emerging political or social opportunities? • Any new technological breakthroughs that can assist you? • Have your competitors missed any niches? 	Threats <ul style="list-style-type: none"> • Is the economy negative? • Negative politic or social trends? • Where are your competitors concentrating on? • What is your vulnerability?

TABLE 1 Microenterprise SWOT Analysis

The answers to the questions in weaknesses can be easily harnessed into strengths. What do you require, a chance to improve yourself; where do you lack resources, a chance to extend your company to make new resources or use your existing networks to tap into resources that you might lack, or try to build new networks in order to acquire the lacking resources; what can you improve, improve it and turn it into a strength; where are you losing money, concentrate on it to turn the tables.

Although SWOT may seem as a good tool to evaluate your company, it still lacks the intensity your analysis may require. SWOT-analysis is a very linear tool. SWOT analysis assumes that only high-end risks and probabilities should be monitored. SWOT analysis can also be a very monophonic tool, often made by simple CEO or small focus group. This will produce a single-minded

outcome and will not see all the aspects that should be entered into the analysis.

3 NETWORKING

3.1 Defining Networking

The word “networking” itself is relatively new. It was only discovered in the year of 1966. (Darling, D. 2003, 17) Networking is not a new phenomenon, but it is only recently being started to use as a company function. Previously companies have used it unconsciously, and they have not been able to use the full advantage of networking. This is because it has not been understood as properly as it is understood and used widely in today’s industries, and it was not used as a separate tool or a function of a company. Networking and social networking still have many different explanations depending on from which side you are looking at it. Networking however is not a company department like human resources or marketing. Everybody in the company uses networking internally and externally, and through these various networks, a large company network-grid is accumulated. This network-grid should be used in the proper manner.

Social networking is defined most comprehensively as follows:

In the structural network analysis paradigm, a social network is presented as a system consisting of nodes and links, and it is the structural features of this system, which are emphasized in the analysis. The nodes may represent individual persons, firms, states or any other meaningful social units. Similarly, the links connecting the nodes may represent any social relation such as friendship, kinship, and transfer of goods or belonging to the same board of directors of a firm. (Lonkila M. 1999)

Networking is done whether we know it or not, or whether we like it or not. Every time we meet a new person we are creating our own spider web of networks. Networking does not require business transactions to take place; networking can happen to everybody spontaneously. Networking is the

process of exchanging information and bringing people together from various groups and sub-groups. But knowing how to tap into the correct network and how to utilize it in the correct way is the problem for many companies in the art of networking.

Especially in the case of small-enterprises and microenterprises the core competence has a very high importance (Uusi-Rauva, Haverila, Kouri & Miettinen, 2003, 312). This is where networking is very advantageous. Companies can choose their core functions, and through networking they can acquire new developments and outsource non-core functions. This however, requires work on your networks: keep them fresh, keep them alive, know how to utilize them and take the most out of them without making it “over networking”.

A good example of the importance of networking in action:

Scott McNealy, founder and chairman of Sun Microsystems, famously engaged in some high-profile networking when he challenged Jack Welch, General Electric's legendary former CEO, to a round of golf. McNealy lost, but so impressed Welch that he received a place on the GE board. (Coomber, S.)

It is rather impossible in life to stay away from networks. What matters most in business is what networks you belong to. Knowing the right players in your sector and your business field will carry you further than your competitors who may not know the key attributes of the segments. The world is getting increasingly networked day by day. No matter which position you are seeking to occupy, that position will always be located somewhere in the huge network grid. (Shaviro, S. 2003, 19). However, as mentioned before, tapping into the right networks when doing business is important. Going after the wrong networks is futile.

Networking can be applied even without meeting a person in today's high-technology world. Information technology allows us to enter the borderless networks of the society. Online meetings, instant messaging, social media are just few of the tools that are at our dispose. These tools, used correctly, can

improve your networks in a manner you couldn't have even predicted. As stated by van Dijk: "a form of society increasingly organising its relationships in media networks which are gradually replacing or complementing the social networks of face-to-face communication" (van Dijk. 1999, 220). More in-depth information about social media and different types of networks can be found under the heading "Social Media as Networking Tool".

Networks can be divided into social networks and media networks. Both networks must be used in collaboration. Maintaining your social network requires you to meet your customers and joint-venture partners face-to-face and update each others' information. This is highly important in order to keep your networks alive. If you only seek to find your networks when you are in need of something, your network will not be healthy. Media network maintenance requires you to take part in fair-trades and different events. Staying on top of the news and being part of the bigger picture is also relevant. If the media doesn't know anything about you, then who does? The important factor here is to make you visible to the right media. Not all publicity is good.

Networking can have various reasons: advance your own personal career, make your business more profitable through networks, or simply as in the case of MIC Group, networking is required to do business. In most cases networking may not be required, but it can also be a huge advantage. In the case of MIC Group doing business to and from Russia requires networks. There will be more about networking and why it is so important in MIC Group's day-to-day activity in Russia under the title "Networks in Russia".

3.1.1 Networking Wheel



FIGURE 2 Networking Wheel

The networking wheel gives you an overall picture of some of the available networks that people have at their disposal.

- **Blogs:** blogs are often user-generated, personal or professional. They can be used to harness new contacts and inform about your business.
- **Friends:** Add another friend to your social media, add them to instant messaging, get the most out of them by knowing what they know, and use this information to your advantage.
- **Agents:** Job agents and jobs recommended by friends. Recommend a job to a friend and get him closer to your networks.
- **Messaging:** Private messaging, instant messaging, internal and external messaging. Use this to inform everybody about what is going on and what will be. This can also be called internal/external communications, but then it would be more comprehensible to your

company's internal and external communications, which is also an important part of networking.

- Groups: Join groups and discussion boards. These are especially found in social media and different business sector groups. They are available to make your business easier.
- Shout outs: also referred to as your company's internal communication. They are mainly informal references from fellow colleagues and freelancer clients.
- Profile: Your profile. Take good care of it and keep it up to date: your groups, your shout outs, and your discussions, simply your everything.

3.1.2 Marketing, Networking and Sales

As to specify the difference between marketing, selling and networking, a figure can be used to illustrate the difference easier.

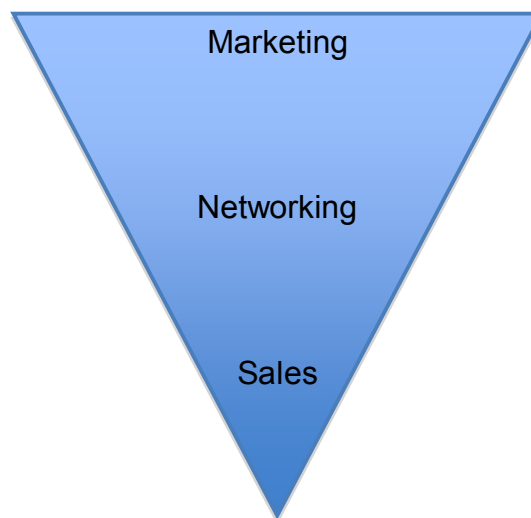


FIGURE 3 Marketing, Networking & Sales

Figure 3 illustrates the difference of the three. Marketing has the largest scope of the pyramid. It usually puts things into motion: promotion, advertising, PR, brochures. Networking follows marketing, narrowing the scope. People, not company or media, do networking. Networking can be done through the company, and through media. Networking connects people. It connects you to people who you want to know and plays a part in the decision-making. Especially in MIC Group case, networking is very important. Doing business in

Russia is highly dependent on contacts: whom do you know, and whom do they know. As stated by Tania Konn referring to business in Russia: “Contact at company level is essential for the initiation of business transactions” (Konn, T. 2000, 27). The last part of the figure is sales. Sales connect the solution and the problem. Seller and buyer have been identified, and the negotiations for the purchase can be started. If marketing and networking have been done correctly, the last part of the pyramid is easier to execute.

These three work fluently together, and should be used in harmony. Using only one or two of them will make your business transactions more difficult and unstable.

3.2 Map Your Networks

Mapping out your networks can be a good tool (Darling, D. 33). This way you can identify all the most important networks and connections that you have. When considering doing business, you will always know in which network you will find the right persons to assist you.

You can map out your networks in alumni, neighbours, family, non-profit, interest, and sports. Some of these categories may sound funny when thinking business-wise, but they are often the overlooked categories where you can find surprisingly lot of information and resources. And mapping your networks will help you not to execute over networking.

- Alumni: A list of all your schoolmates. List all your school & college friends. They may have valuable knowledge later on when your business has grown and play an important part in your expansion and growth.
- Neighbours: This can be a highly overlooked category, but your neighbours may have business in the same field as you do. This does not necessarily mean your home neighbours but also your business neighbours as well.

- Family: Your family may open a whole new door of networks to you. Take care of this category, and you may find yourself in business you didn't even see was there.
- Business: Business networks are of course the core networks that you have at hand. Never forget the previous companies you have worked with. These can play out to be truly valuable networks in the future.
- Non-profit: Non-profit category is all the rest of the people you may meet. They may come from the same interest category, but most likely they will come from a variety of industries. This can be a good network to harness.
- Interests: Interests are the places where often business relationships start. People tend to gather around people who have same interests, and in this adaptable environment various relationships are easily commenced.
- Sports: Sports could be sub-categorized in interests, as it plays out in the very same manner as interests. Even if you yourself don't participate in any sports, you can always be a spectator and learn something new.

It may seem like an important task to keep all these networks fresh and alive. It doesn't mean meeting all your networks daily but simply keeping them up-to-date about you. It does require quite some time, however, and as mentioned earlier in the thesis, time is money. But again, you have to ponder, is it worth spending the money or would you rather spend the time?

3.2.1 Social Media as Networking Tool

There are many social networks and marketing sites on the Internet that many companies overlook when marketing and networking. These include Facebook, YouTube, LinkedIn, MySpace, Twitter, and LinkedIn. Some of these tools are hardly ever used because companies may not understand the full advantage behind them. Most of these tools are not made for direct selling. They are made for indirect brand buffering and making your brand and company look a little bit more "hip". Just "being there" allows your possible

customers to see that you are following the trends and knowing what is going on.

Some of these social mediums are also good tools for market surveys. In some cases you don't even need to ask for the possible customers to participate. Just follow their actions, learn their wants, needs and demands, and build your services and products accordingly. Some of the social media networks even offer free surveys. You can choose people from and outside of your networks and see their "interest lists". For example, this can be quite useful when thinking about what people are interested in or whether your product will work for these people.

- Facebook: Facebook being one of the most well known social networking sites of these. It is a good tool that can be used with a small amount of time and exactly no money. You can create your company profile, and customize it to your liking. People on Facebook, your friends and people who are interested in this industry can read your newsfeed and see what services / products you are offering. Facebook networking may sound like it is a waste of time, but why do you think all the major music and movie labels, sport brands, car manufacturers and almost everybody else have their own company profile and newsfeed in Facebook? As stated by Alex Jefferies on Market Wire:

The popularity of online social media forums has not only changed the way peers interact with each other, it has also succeeded in creating a new breed of online customers. These customers have come to expect a certain level of accessibility and interaction with businesses, as well as the ability to engage with other consumers who share similar wants and needs. (Jefferies, A. 2008. Market Wire)

Facebook can be used well in creating secondary-networks. Make a forum for users of your products or services and allow them to mingle with each other and talk about your offerings. Like stated by Alex Jefferies, consumers want to have interaction between other consumers who share similar wants and needs. This network might not be the right place for you to mingle in, but it will definitely help to boost

your brand by giving consumers the possibility to create networks “under” your company. This can easily lead to a good word-of-mouth marketing, and enhance the knowledge of your company within your market segments.

- **Twitter:** Twitter is a social networking service, which relies heavily on cell-phone updates. Its basic idea is to have people update what they are doing just right now in a short message through their cell-phone. Twitter offers specific free tools for users to tap into their networks more efficiently. For example “TwitterLocal” lets you see tweets (Twitter updates are called tweets: when someone updates his status, he has tweeted) based on location. “Twellow” lets you find twitter users based on industry. “TweepSearch” allows you to see where people are working and what are they doing.
- **LinkedIn:** LinkedIn is a social media that works like Facebook. The only difference is that it is more “work-oriented”. Meaning that LinkedIn users are more often business people: people working in business, and industry experts. In LinkedIn you can ask industry experts about things you might have in your mind, you can search for jobs, or you can tap into inside networks of the business life. LinkedIn, like Facebook, is a free social media for everybody to use. It is a priceless tool for microenterprise owners and for everybody who might be working in business looking for new networks or answers to questions of various industries. LinkedIn also allows you to look for open work placements.

Reasons to use business social mediums such as LinkedIn (or Facebook):

1. **Push marketing:** You need to find the right calls to avoid mishaps. This must be done with certain degree of concern, however. Over-usage will mark you as network-spammer.
2. **Pull marketing:** Create a profile for you or for your firm and allow your customers to find you.

YouTube and SMS are also great ways to expand your company's reach. They will be explained more under the heading of Marketing as they are more relevant to marketing than networking.

3.2.2 Over networking

Over networking might be a term you haven't heard before, but it can happen very easily, especially with the social media available. Thinking business-wise you may say to yourself that you can never have too many networks or too many friends, but on the contrary. When you have too many networks, your networks will most likely be disorganized. Disorganization of networks can lead to burnout and bad networking experiences. (Darling, D. 2003, 127)

Over networking is especially easy in the social media when you have too many connections on Facebook or LinkedIn and do not know what to do with all of them. You lose your ability to organize the networks, and they become unusable. For example, in Facebook, you need to keep your friends and networks as your friends and networks. When you have a company profile on the site, you must make sure that not all who are interested in the profile are interested in you as a network possibility. Keep your networks and your possible customers separate. This is where mapping your networks is ideal. You don't have to map every person's pros and cons, but you should be able to tell in few words what they are good at so that you know when to contact them. Contacting people at a wrong time and not being sure why you contacted them can result in losing of the network.

4 MARKETING

4.1 Marketing Strategy

The marketing plan or marketing strategy is very important in a small start-up company to get the edge over competitors and reach already existing companies in the same field of operations. Well-defined market segments and supply and demand analysis of certain services give a good start on creation

of marketing strategy. Usually in the case of start-up companies these factors are ignored and undone. It is as leaving homework undone and moving on to a new chapter. Usually at this stage everything happens through entrepreneurs' own connections and relations.

At the time MIC Group was established, it was just one person handling all operations and the best way to market MIC Groups services was personal selling. Personal selling is just an act of marketing strategy, and it is very important to have a plan even though the company is very small. Marketing plan is one of the most important parts of company's success factor, and it was missing from the preliminary business plan of MIC Group entirely.

Learning by doing was the idea when MIC Group was established. The first very important aspect was not thinking about the marketing plan in the stage of business plan development. Not including such an important topic in the business plan and not even thinking about it caused MIC Group a lot of trouble.

It is rational to create a marketing plan in four very important parts in order to help entrepreneurs define or most importantly clarify the operations that his or her company will do (McKinsey & Company 2000, 68).

1. Market and competitor analysis

- In this stage it is important to concentrate on deepening the knowledge about the market you are entering and about competitors operating in the market.

2. Choosing the right market segment

- Defining the right segment and narrowing to some special area to operate and choosing the customer group which the company can provide better services than its competitors. Usually it is the most strong market area for product or service. You need to think about the question how to separate yourself from competitors.

3. Creation of a marketing strategy

- Look for the most efficient ways to reach your customers.
4. Customer relations management
- If it is very expensive to reach new customers, it will be very important to create a plan on how to manage already existing customers and keep them satisfied. More about this in the CRM (Customer Relationship Management) section.

Following these four steps will give a company great start on gathering customers and creating network. MIC Group did not do this procedure in the beginning and had to develop it during its actual operations. At one point radical changes had to be done, such as a change in the services provided. The time had an influence on such a radical change because MIC Group development and marketing began during recession, but most important role in change of services was played by the absence of a marketing plan in the business plan stage. If careful thinking about the marketing plan and all of the four steps mentioned above had been developed carefully, the probable outcome of company situation today could have been achieved faster and with a better cost-efficiency.

4.2 The Marketing Mix

The marketing mix tool is an excellent for any company, not depending on what kind of services it is trying to provide or products it is selling. When starting to think about the marketing of a company these questions are the most crucial, and they must be taken into serious consideration. In the very beginning when MIC Group started its activities, very little attention was given to this particular marketing strategy. Even though in some cases it is said that this marketing strategy has its limitations, MIC Group as a consulting service provider has found very good questions which has helped it to develop better understanding of the market that it is operating in.

Marketing decisions fall usually into four categories (NetMBA, 2007)

- Product
- Price

- Place
- Promotion



FIGURE 4 The Marketing Mix (NetMBA, 2007)

For a small start-up business the 4P's marketing mix tool can create better understanding of business environment and how it should continue its development and further growth in marketing sense. 4P's stand for product, price, place, and promotion, but usually these words are replaced by some more relevant words. For example in the case of MIC Group product is replaced by service, and place is replaced by location. Even though some may use different words, the idea is still the same, namely to ask the right questions in order to develop good marketing strategy and to obtain better understanding of market.

When thinking about product decisions, a very important - if not the most important - issue is the brand name. When naming a product, the company must have good understanding of both the market they are operating in and the culture of the country. Other very important factors are consumer requirements and market conditions. In the product development stage these factors may be forgotten or left behind. Usually small corrections to the product, marketing campaign or brand name may solve the problem. Also questions about product quality should be addressed. Is it good enough for

the consumers? Can we keep quality high with minimal costs? Will it become obsolete soon? Consumers simply won't buy a product or use any service if it is not good enough. In a small company the 4P's is a marketing tool which can be completed more easily with the help of your networks. If you have a language problem, be sure to tap into your networks and seek help; don't just believe that the problem will solve itself.

When trying to sell products or offer services a very important issue is well estimated price for the current market. The price should always cover all the costs occurring from production or service provided. Otherwise, it will not be profitable, and company will never see daylight before it will already be bankrupt. At this point some larger companies may use the strategy of underpricing as they have more space to make loss. This can be advantageous when introducing new products or services to markets, and we need to do research on how the products or services are received by customers, and whether they should need alterations. After the basic price, which covers all costs, is estimated, strategies such as seasonal pricing can be very good trigger to boost the sales of some products. In the case of service providers the best way would be the tailored pricing for each customer, but this is very hard if we are talking about big companies where those kinds of decisions will take long time. The question about price flexibility is also very important. Can price be lowered according to the market situation or be a little bit higher, and how will this be possibly achieved without losing customers?

It is important for a business to acquire services that it needs as soon as possible and with minimal costs. Well thought decision about placement of the company can be very crucial to its operations. In the case the company is selling a product or if it is a retail business, it is very important that its operations are close to customers. It is equally important to offer great logistical solutions. Distribution channels should be very cost effectively arranged because well-arranged logistics services can be a very good way to lower the products' real costs and thus achieve more profit. For service providers placement of head office or a branch is important. Depending on the

service the company has to think about the customers. Can they reach you easily? How visible you are? A very good option today is big business parks where there are service providers together that create full service house partnering with each other.

When promoting a product or service very deep research of customers' needs and wants should be done. This will give the product seller or service provider better understanding to which direction promotion work should go. For example, if the product is targeted to a certain group that likes action movies, then good promotion trick might be having a movie star to do a testimonial for your product. If it is a service you are offering, then a good promo trick could be some important governmental institution to market your service. In promotional work very important is to have a good sales people who are enthusiastic enough and active. When company is thinking about promoting something, first of all it has to think about the budget. Well-designed promotional material and usage of right channels to get as big customer base as possible are essential. There are plenty of ways for alternative cost-efficient promoting such as toddler steps, for example: coupons, pens, office appliances and so forth. Most certainly, you will not have the assets to promote your company on Time Square at its early stages.

Every theory has its limitation, and so does the marketing mix tool. In the developing world that we are living in customers are becoming more demanding. In some countries packaging is very important and in perfume industry for example that is the essential part of whole product. You should not forget about the people who are selling your products or providing your services. How do they manage the customers? Will the customers come back? "Global Village" of course may help some companies depending on their product. Global village is the theory which suggests that our world is "shrinking" due to technology, and that all humans' wants and needs are being interconnected by technology, and that we all want and need the same things.

4.3 Born Global

When looking at the MIC Group, a very important point must be taken into account. It is not a typical company that has been established to operate in the Finnish market. From the very beginning of its operations MIC Group has been providing services into two different markets, Russia and Finland. In that sense it is a born global company. One of the official definitions of born global firm is: "Company that from its inception derives competitive advantage from the use of recourses and the sale of outputs in the multiple countries" (Hollensen, S. 2004, 67).

This born global situation gave a lot of advantages to MIC Group in the very beginning. Possibility to widen the range of products and services available to markets was one of the cost saving opportunities. Usually when a small firm starts to operate in one certain market area, it has to search for market possibilities from much smaller variety of service providers. Russian market gave MIC Group huge advantage in that sense. MIC Group was able to use the most cost efficient ways to create necessary marketing material that a start up business needs in the very beginning, such as business cards and introduction materials which could be distributed to different institutions as marketing material.

Also the flexibility of MIC Group has been one of the major advantages. Because MIC Group is a consulting company and it is very small, decision to create huge and trustful partner network in the Russian market is giving the edge to competitors. Usually big competitors of MIC Group such as "Konsu Oy" have already established connections or even own representative offices in the Russian market. That is why it is very hard for them to adapt to the market situation faster than small companies. MIC Group is able to compete with Konsu because MIC Group is actually supervising the companies in the Russian market and helping them to find right solutions in how to work there. Konsu, on the other hand, concentrates on juridical part of the whole process,

and it is one of the leading companies in that field. MIC Group also provides market research service which is not included in Konsu's service repertoire.

4.4 Customer Relationship Management

Customer relation management (CRM) plays a very big role in business especially in small start up companies to whom every customer is crucial. Loss of a customer is very negative thing for any firm. The better a company takes care of its customers, the better picture it is showing about itself. Through good image in the eyes of customers it attracts more possible customers to use its service or buy its products. Usually when a start-up company starts its operations, from the very beginning it starts to grow and expand in many directions and channels. It hires staff, uses internet for possible online sales or even develops two or more representative offices in order to gain more market and customer coverage. These are very good growth actions, but the more channels you have the closer and greater the interaction with the customer base must be.

Customer relation management can be time consuming and costly, but on the other hand, it can develop better understanding of target customer segment. Every customer has its own requirements and needs to fulfil. By implementing CRM solutions in a company necessary changes to product or service may be done fast enough to keep satisfaction level high. Also understanding the output of effort and time on certain customers must be taken into account. CRM can give help better understand which customers are profitable for a company and which are not.

This basic understanding of customer base can lead to more effective marketing. These actions will narrow companies' potential future customers, and more effective marketing can be taken and targeted to exactly those customers who are really potential profit bringers in the future. When a company can manage its existing customers with the most effective ways, more time can be spent on finding new customers.

There are some limitations in customer relationship management. Because it is broadly done through software, it must be used properly. Not using CRM software properly can be more harmful than useful. Although softwares are designed so that it is easy to use them, proper training must be taken. Customer relationship management is very important because after all customers are the profit bringers to the company.

4.5 Guerrilla Marketing

Guerrilla marketing is one very good way to market a product or service during the recession or hard times when financing of a company is difficult. The term guerrilla marketing means an unconventional way to market with minimal costs and getting the maximum results.

Guerrilla marketing is usually time and energy consuming, and it can be very interactive with the customers. Usually the customers are targeted in places where they do not expect it to increase the “whoa”-effect. At its best, guerrilla marketing is hoping to make their market efforts such that it will start a viral marketing frenzy, and in doing so it increases the knowledge of the company or product. Often this can be done in a very cost-efficient way. Below is a good graphic illustration of guerrilla marketing.



FIGURE 5 Guerrilla Marketing (The Team Website, 2009)

Here is a checklist for guerrilla marketing: (Levinson, J. 1994)

- Guerrilla marketing is not for large companies. It is for small enterprises and entrepreneurs.
- The marketing should not be based on experience, judging or riddles; instead, it should be focused on psychology.
- As guerrilla marketing is cost-efficient, money is not the maker. The maker of guerrilla marketing is time, energy and imagination.
- The measurements of your enterprise should be done through profits and not through sales.
- A marketer should always be aware of how much your networks have grown each week and what sort of relationships have been built.
- Focusing breeds excellence, and diversity breeds failure.
- Acquiring new customers can be very expensive compared to getting more sales to your existing customers. Tap into your networks to see if you can get new customers cost-efficiently. If not, focus on your current customers and aim for larger transactions. After all, it is approximately seven times more expensive to acquire new customers than it is to keep existing ones.
- In case you have too big competition, try to seek a way to do joint-venture.
- Current technology should be used as a tool to power up your business.

Possible ways for guerrilla marketing can also be used on the Internet.

YouTube and SMS offer a good way for guerrilla marketing.

- YouTube: YouTube is a free video-broadcasting service. This is an excellent portal to make a marketing video. Of course, when considering the audience of YouTube, your product/service video has to be designated to this audience. Even if the audience of your video might not be the end-buyer of your product/service, the word can spread like a wildfire if your video advertisement is done in the proper manner: viral networking at its best.

YouTube may sound like a lot of work for a little amount of feedback, but the biggest factor in YouTube marketing is the way you do it. For example, major music labels and large sport brands have created videos to publish on YouTube, and we are certain that they are not just wasting time and money. They are re-enforcing their brand by making it stronger, more “hip”, and more available to the customers.

Here's a checklist for your YouTube marketing plans: (Pick, M., 2007)

1. Create and customize your own channels
 2. Choose your niche account
 3. Create short form viral content
 4. Tag and categorize
 5. Create niche-targeted playlists
 6. Promote your video with YouTube e-mails and bulletins
 7. Leave video responses
 8. Join or create YouTube groups
 9. Chat in streams
 10. Active sharing
- SMS Marketing: If your products or services are aimed to consumers (B2C) instead of businesses (B2B), SMS is a good tool that can be used as well. SMS (Short Media Service) is an instant way to reach your customers. Cell-phones can be reached easily as the high-technology generations carry their phones everywhere. SMS's are easily personalized, and due to their length people tend to always read them unlike spam e-mails or long adverts that can be easily ignored.

Looking at numbers on SMS marketing, it could turn out to be quite the forum. According to a research conducted by Trikon Technologies Inc. in 2004, they forecasted that the handset market would reach 1 billion units (Gross, D. 2004). This research was done in 2004, and we are currently in 2009, so the number is definitely larger. Maybe you won't reach all cell-phone users, but the possibilities seem to be endless.

5 EMPIRICAL STUDY

5.1 MIC Group

The Idea of starting up a company rose after a long discussion with Dmitri Maksimenko who has been a successful entrepreneur in Russia for more than ten years. Discussion was about possible ways to make Finnish companies more Russia orientated and how both sides, Finland and Russia, could benefit from it. Having great networks and connections to different business areas in Russia, MIC Group was established to practice consulting activities between these two countries. The best possible way to build a good and trusted network to Finnish companies is to do it through own company.

The first idea was to start an international wood trade activity between the two countries. Having great connections to middle Russian wood industry sector, MIC Group was able to offer cheaper wood products to Finnish customers. During MIC Group's growth process the trade activities slowly reached the end, and main focus started to change more on consulting activities and on management of foreign companies in Russia, creating networks and finding reliable partners there.

Today the main focus of "MIC Group" is to assist Finnish companies to make the expansion to Russian market as fluent and as hassle-free as it is possible. The idea is to tailor every company as an own project. According to the needs and wants of every client separately, MIC Group will create a plan on how the Finnish company should move to Russian market and when is the best time to do so. Also one of the problems of Finnish companies is to get the information that they need. That information is one of the key success factors which will help any company to become a successful international player. We decided to create a trustful network in Russia to help in gathering that information for Finnish companies when needed.

In Chapter 2 we suggested a SWOT analysis for a small company and the questions which should be answered. Below you can find the SWOT analysis for MIC Group.

Strengths <ul style="list-style-type: none"> • Knowledge of the Russian & Finnish markets • Good networks in Russia • Good negotiation skills 	(Weaknesses) <ul style="list-style-type: none"> • Lack of finances • Lack of knowledge of governmental financing institutions •
Opportunities <ul style="list-style-type: none"> • Individually tailored consulting services • Flexibility to adjust to current economic situation as a small company 	Threats <ul style="list-style-type: none"> • Financial crisis can be dangerous to a small company • Every client counts • Few large companies that hold a huge market share

TABLE 2 MIC Group SWOT Analysis

5.1.1 Brief introduction of MIC Group services

When a Finnish company wants to start its expansion to Russian market, the first step is usually the market scan or research. That service is provided by MIC Group in cooperation with its trusted Russian partners. The information gathered in market research is very crucial considering the next step of becoming international. Second service is called “Business start up”. This includes all necessary activities from establishment and registration of companies to assistance in recruiting the right personnel for each company separately. After successful establishment of the representative office, there is the part of creating networks. This includes searching for partners, clients or possible buyers of products. The last puzzle in this chain of action is the monitoring of the process of work of the foreign company and be present when the help is needed. This is the advantage which separates MIC Group from other competitors because usually many competitors finish their work or service after opening an office and registration of representative office for

Finnish companies. This leaves Finnish companies alone in the Russian market and makes it hard for them to grow further.

Currently MIC Group is having a work power of three people in Finland and three people in Russia. Constant developing of its staff and adopting new cost efficient ways of working help MIC Group to stay ahead of competitors.

5.2 Networks in Russia

The networks in doing business in Russia are very important. One might say that doing business in Russia without the correct networks can be rather impossible.

In the case of MIC Group, the networks are dependable and valid. The CEO of MAKS Investment & Consulting Group Oy has good networks in the Moscow, St. Petersburg, and Nizhny-Novgorod areas, which are the largest business sectors in Russia. MIC Group can use these networks when consulting customers and investors and lead them to the Russian market. This is specifically one of the core competences of MIC Group, and they are using it without a doubt.

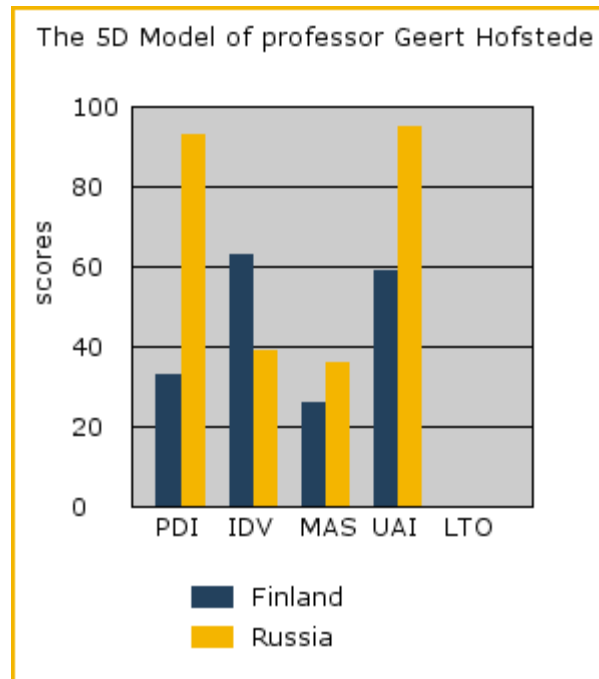


FIGURE 6 Russia / Finland Cultural Differences (Hofstede, G. 2009)

Cultural differences can be compared through Geert Hofstede's research (Hofstede, G, 2009). Hofstede allows you to compare your country with another country, and see the cultural differences through PDI (Power-Distance), IDV (Individualism), MAS (Masculinity), (UAI), Uncertainty Avoidance Index, and LTO (Long-Term Orientation). In Russia, most networks are created through friendships. Compared to Finland, the PDI in Russia is far higher. In Russia it is rather impossible to go to a company and present your "business-idea" or anything connected with business if you do not have the right networks. In Finland this is far easier. The importance of networks can also be seen through the IDV. In Russia this is not as high as it is in Finland. This means that in Russia as an individual you are not as strong as you might be when you have the right networks and when you know the right people. This is one of the parts where MIC Group is very strong. Having strong networks and knowing the right people will boost your business possibilities and help you to conduct business in to and out of Russia.

It is stated that a good networker will learn the ways of the business in certain areas of the world more fluently than a bad networker. And this will result in better business (Marx, E. 1999, 72). Networking is differently important in

different parts of the world. In more task-oriented countries, such as European countries, networking may be seen as not so important tool. On the other hand, countries in Asia and South America are much more network-oriented, and they require a large amount of networking to conduct business. *Quanxi* (business relationship) must be taken care of. These are of course just general views of networking in different parts of the world. You must understand your company and your needs to network.

5.2.1 Cultural Issues in Cross-Cultural Operations

Since MIC Group is a born global company operating in more than one country, it is very important to understand cultural difference of the markets. To be able to create a successfully operating international company a study of culture and customer behaviour must be done before going to foreign market. Many firms who have not been able to do such studies or just tried to ignore the matter of cultural differences have later on discovered themselves in a situation of no return and had to leave the market.

The major markets of MIC Group are Finland and Russia. All operations are done from Finland because the core idea of MIC Groups services is to assist companies in expansion process to the Russian market. Understanding those two markets perfectly is crucial. In order to act on a foreign market you have to have personnel which understand the market perfectly and know how to act in business situation of current country. The best way to achieve this is to hire people from a country where company is operating.

In the case of MIC Group this was the way to success. First of all study of a Finnish market was very deep and understanding of Finnish cultural issues in business life were familiar to personnel of MIC Group. Russian culture was even stronger because almost everyone in the company was a native Russian living in Finland for many years. This has been a great advantage against rival firms in Finland.

5.3 Governmental Institutions and the Use of 4P in MIC Group

Sometimes it is thought that marketing is not necessary, and it costs a lot of money, but that is just an illusion. To market a company there is no need for huge amount of financial support if it is done with consideration. Especially in Finland there are a lot of governmental institutions that are helping small enterprises to develop their operations and almost for free. These institutions can also provide a service that is called word of mouth marketing. Of course there are a lot of different categories that this service can be divided into, but in this case it is basically telling the partner organizations about your services. It is like a web where governmental institutions know everything about all partner companies and control the development of the region.

When thinking about MIC Group marketing of company location arose and became very important. When doing business between Russia and Finland you have to choose your location very wisely. In Finland there are a lot of differences between governmental supports in different areas. Big role on what kind of support you will get as a small start-up company very much depends on what kind of business you are planning to do. For MIC Group the best area in Finland was the east-south region and especially the city of Lappeenranta because that particular area is very Russia orientated and has always been the leading regions when it comes to doing business with Russian companies. There is a governmental institution called "Lappeenranta Business Development" or briefly "LSYP".

Brief introduction about "LSYP" from their website (LSYP, 2008)

Lappeenranta Business Development (Lappeenrannan Seudun Yrityspalvelut Oy, LSYP) is a regional development company, owned by the Cities of Lappeenranta and Joutseno and six neighbouring municipalities. LSYP seek to assist local businesses to grow and develop into competitive and sustainable employers. Whether you are planning to start up, develop, expand or relocate, you will find a range of advice and support services right here in Lappeenranta Business Development.

In Order to get possibility to market MIC Group through the Lappeenranta Business development relocation of the company had to be done. This means not only changing the address of the company but to change the home region

of the MIC Group from central region of Finland to south-eastern region. That kind of action involves some paper work and money, but it is needed in order to get very cost efficient possibility to market the new company.

In a very short period of time MIC Group became one of the most important partners of LSYP and had a very good reputation among the workers and managing director of LSYP. This has been achieved through personal selling method. Managing director and owner of the MIC Group had very good negotiation skills. He was able to sell the idea of the company to LSYP so well that he was given a chance to show the MIC Group work in action.

During the time MIC Group was operating in the region of Lappeenranta it became a trusted partner of LSYP and had very good connections to different companies operating from that area. Once again the question of a “place” became important. What is the next target area for MIC Group? How will it be possible to expand to another area without losing the connections and opportunities that LSYP was providing for MIC Group? Because LSYP is a governmental institution and is able to provide services to companies that are registered to Lappeenranta area, MIC Groups decision was not to register company anywhere else but to make the expansion as a company from the Lappeenranta region.

MIC Group started its further expansion to the central Finland. Like in the case of LSYP in the central Finland there was its own governmental institution which took care of the development of the companies in that certain region. This Company is called Jykes. It is providing the same services for the companies that LSYP does.

Brief introduction of Jykes from their website (JYKES website, 2009)

The aim of Jykes is to create a favourable business environment and to improve the co-operation between companies and the public sector. By offering expertise, support and various networks for companies, Jykes creates opportunities and conditions for profitable business operations.

Only difference is that companies in the central Finland are more focused on providing services inside the Finnish market, but they have a great potential to expand to Russia. That was the reason to expand MIC Group operation to central Finland. Also by studying the market situation there and possible competitors, the situation was excellent because there were no companies that were providing the same kind of services as MIC Group.

The difference in the theory and in the practice of 4P's was that usually 4P's are talking about the product, but in this case MIC Group could take advantage of it by implicating this theory to own consulting service in the most beneficial and cost saving way.

Big advantage of a small firm compared to big players on the consulting business market is price flexibility. Process of tailoring every company accordingly is very difficult for big firms, and that is why it was easy for MIC Group to take advantage of its competitors. Pricing strategy of MIC Group was very easy. Large percentage of work is done through partners and co-operating firms in MIC Groups network, and there are always couple of firms which are providing same kind of services because tendering is very important in order to find the most effective and cost saving way to service client firms.

This had not been the common way to use the 4P's theory, but it has helped MIC Group to understand its operations better and how some important things like place and promotion can affect to a success of a company. Asking the right questions at the right time is very important when developing a small start-up company in a very competitive environment. Sometimes necessary changes in a product or service can be recognized through the questions of 4P's marketing mix in order to get advantage over competitors.

Promoting the services of MIC Group in Russian market is not necessary because of good networks. In this case network companies are obligated to use MIC Groups consulting services when for example Russian company wants to obtain some information about Finnish market or find partners. In a way marketing is done by the partner companies which are promoting and marketing services of MIC Group.

6 DISCUSSION

Thesis process began from the basic understanding of microenterprises. We looked at the basic components, and the most important requirements of microenterprise and how to effectively make it profitable. We used MAKS Investment & Consulting Group Oy as our main source of information. We looked at how MIC Group started its business and what they did on the timeline from the beginning to where they are now.

Using MIC Group as our case file we were able to compress our scope to the most important aspects. We looked at the MIC Group business plan and how they had used it. Through the study of MIC Group we were able to deduct the two most important things of MIC Group which were networking and marketing.

We studied how MIC Group had done their networking. We learned basic theories of networking and how to use them effectively in personal life as well as in professional life. As the aim of this thesis was to write it so that it would give an advantageous edge as well as a larger understanding of the topics to MIC Group, we believe that this thesis can be a great source of information for all relatively small sized companies.

The study of 4P's marketing mix gives a basic idea on what kind of problems and obstacles can be on the way when an entrepreneur is thinking about applying the idea into a fresh start-up business. We think that through this marketing mix it is easy to understand the basic needs and operations that must be achieved and fulfilled in the very beginning. Of course it is very easy to implement this marketing mix to different businesses regardless of product or services provided. Through the MIC Group case we defined what the born global company means for better understanding the difference when comparing to born local.

In the empirical study part we explain more closely how the MIC Group have been implementing the marketing strategies and networking. What has been

done in order to make the business more profitable and how it might have been more efficient if MIC Group had used the marketing strategies more effectively? The essential importance of networking and cultural differences when working in a multicultural environment are widely discussed and viewed for the reader in this part of thesis. We believe that with deep understanding of cultural differences, it is much easier to do business in two or more countries with a different cultural background.

7 CONCLUSION

To truly understand the different ways of making a microenterprise profitable, one must understand what microenterprise actually is. The owner of the microenterprise must understand what it needs, and how he should nurture the company in order to make it a success story. Different strategies can be applied to evaluate your company in the proper manner. For example, you should look at the small-size company life-cycle and see where you are situated. In this way you can evaluate your future easily. If you haven't made a SWOT-analysis of your company yet, you should do this as soon as possible. If possible, try to get few persons from the company to do the analysis so that it wouldn't be as linear as it would be if only one person made it.

The importance of networking to a microenterprise cannot be over magnified. Networks are almost a requirement for microenterprises as you don't have too many people in your company; basically you are alone with your idea. This is where good networks come to play a part. When you know the right people and know who to contact, you can take your company one step further. Being part of the correct networks is very important. You should make your company visible.

When we think about the marketing aspect, it is very important to understand the broadness of today's marketing possibilities. With the right marketing solutions we can achieve more results with minimum costs and less time consumption. For example thinking about the marketing plan even before the company is established will help any entrepreneur to see the target market in a more detailed way and give a possibility to understand the potential customers of a product or service better.

By making a marketing plan in very early stage will also require you to think about cultural differences if the company is operating in two or more countries. Cultural aspects are very crucial because some products might have great potential in one country, but in order to sell it in the other one some

modifications or change in the brand name might be important because of cultural issues, for example religion.

With the possibility to have a close look on MIC Group actions, it gave us great understanding of the process on how to make microenterprise profitable and what kind of obstacles might occur in the stage of establishing and development of a start-up, born global company. Because MIC Group has done everything with the idea of learning by doing it has a great knowledge of starting up a business in multicultural environment. The mistakes which MIC Group has done in the beginning gave us a possibility to find the best solutions for the problems which all entrepreneurs will most certainly face. These solutions definitely will help to achieve wanted results faster and cost efficiently if the strategies are harnessed and implemented in a right way for each company which will use this as a guide book.

There are many aspects to making a microenterprise be one of the key players in the field, but we have narrowed the window to a portion of networking and marketing. These are two things that can be accomplished with minimal financing, and they do not necessarily need huge campaigns in order to be successful.

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